

Fidelity Sustainable Water and Waste Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: www.ethicaladviserscoop.org/find-an-adviser.html

Fund Overview

This is an actively managed global multi asset investment. They have negative and positive screening. The fund invests in companies involved in the design, manufacture, or sale of products and services in connection with the water and waste management sector.

Ethical Concerns

Investments

- ✘ There are a small number of investments in the Fund may be problematic for some ethical investors, such as:
 - Clean Harbors Inc and Schnitzer Steel for several environmental violations
 - Service Corp International, an American funeral services company with some history of poor business practices
 - Tetra Tech Inc, Oil and Gas Equipment and Service – involved in fossil fuel distribution

Other concerns

- ✘ Materiality/exposure limits on negative screens can potentially result/results in unwanted exposures within the portfolio.
- ✘ Fidelity do not specialise in ethical investments.

Good Points

- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) (LINK) certified see link overleaf
- ✓ Provides a [Charter](#) detailing the ethical screening process, see link overleaf
- ✓ Good transparency of holdings and voting history, full holdings are provided on a 30-day delayed basis on the Fidelity website via an opt-in request, voting history is available see links overleaf.
- ✓ The Fund's/Trust's investment choices typically demonstrate a clear connection with one of the UN Sustainable Development Goals.

Fund Overview

UNPRI Signatory	<p>Yes</p> <p>https://www.unpri.org/signatories/signatory-resources/signatory-directory</p> <p>Fidelity International Signatory profile PRI (unpri.org)</p>
Full Holdings Disclosure	<p>Yes Full portfolio holdings Fidelity Australia</p> <p>Please refer to attached fund holdings as at 30 April 2022 (disclosed on a month-end plus 30 day delayed basis)</p> <p>Attached</p>
RIAA Certification	<p>Yes</p> <p>Fidelity Investment Management (Australia) — Responsible Returns</p>
Disclosure of Voting	<p>Yes</p> <p>Australian Domiciled Funds</p> <p>Fidelity Sustainable Water and Waste Fund.xlsx</p>
Ethical Screening Process	<p>Website: Fidelity Sustainable Water & Waste Fund Fidelity Australia</p> <p>Responsible investment policy: https://www.fidelity.com.au/sustainable-investing/reports/sustainable-investing-policy/</p> <p>PDS: Fidelity Sustainable Water and Waste Fund PDS</p>
Exclusions	<p>Climate change screens</p> <ul style="list-style-type: none"> × Thermal Coal × Oil and gas (conventional/ unconventional) <p>Ethical screens</p> <ul style="list-style-type: none"> × Tobacco × Nuclear weapons × Conventional weapons × Nuclear generation and nuclear related activities <p>Conventions and controversies-based screens</p> <ul style="list-style-type: none"> × Controversial weapons <p>Norm-based screening</p> <ul style="list-style-type: none"> × Co's that have failed to conduct their business in accordance with accepted international norms as set out in the United Nations Global Compact
Materiality/Exposure Limits	<ul style="list-style-type: none"> • Ethical Screens – have a 5% materiality screen other than nuclear weapons which is a zero threshold • Controversial weapons - those showing any activity of manufacturing or of manufacturing tailor-made components, using, repairing, putting up for sale, selling, distributing, importing or exporting, storing or transporting controversial or indiscriminate weapons. We define controversial weapons as biological, chemical, nuclear, incendiary weapons, inert ammunition and armour containing depleted uranium or any other industrial uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines, and weapons containing white phosphorous.

- **Thermal coal** - those deriving 5% or more of revenue from thermal coal extraction and its sale to third parties, and those deriving 5% or more of revenue from thermal coal-based power generation. This includes companies with evidence of thermal coal reserves. We will allow an exception to this exclusion if a company derives less than 30% revenue from thermal coal related activities and if the following applies:
 - The company's revenue share from renewable energy exceeds revenue share from thermal coal activities.
 - Where the company has made an effective commitment to a Paris Agreement aligned objective based on approved Science Based Targets, or alignment with a Transition Pathway Initiative scenario or, a reasonably equivalent public commitment.
- **Conventional/ unconventional oil & gas** - those deriving 5% or more revenue from conventional and unconventional oil and gas. This includes Artic oil & gas onshore and offshore and oil sands.

Exclusions policy link: [Fidelity Exclusion Policy](#)

Fund exclusions link: [Fidelity Sustainable Water & Waste Fund exclusion additional information](#)

Materiality link: [Master Shell Additional Information \(fidelity.com.au\)](#)

About the 'Ethical Survey'

About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

Further Research

Does your fund walk the talk?

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

Is your fund investing in fossil fuels?

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

If the fund is certified by the Responsible Investment Association Australasia (RIAA)

You can find more ethical and investment information for certified funds [here](#).

More information on this fund

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

Vote based on information last updated 3 August 2022